Iowa Department of Revenue
www.state.ia.us/tax

2006 IA 147 Franchise Tax Credit Worksheet

If a financial institution as defined in Section 581 of the Internal Revenue Code elects to file as an S corporation for Federal income tax purposes and therefore have its income taxed directly to the shareholders, those shareholders (Individuals, C corporations, Fiduciaries) qualify for a Franchise Tax Credit. The credit cannot exceed the shareholder's pro rata share of the Iowa Franchise Tax paid by the financial institution.

Shareholder Name: _____   Shareholder SSN or FEIN: _____

Financial Institution Name: _____   Financial Institution FEIN: _____

PART 1

1. Enter the income from shareholder's return (line 42 of IA1040; or
   line 16 of IA1120; or line 22 of IA1041): .... 1._____

2. Enter the shareholder's pro rata share of the financial institution's net income
   (shareholder's ownership percentage in the S-corporation multiplied by the net
   income amount from line 12 of the Franchise return IA1120F): .... 2._____

3. Subtract line 2 from line 1: .... 3._____

PART 2

4. Calculate tax on the amount from line 3, using the appropriate tax table
   or percentage for the type of tax return being filed by the shareholder
   (IA1040, or IA1120, or IA1041): .... 4._____

5. Enter the amount of any Lump-Sum Tax and/or Minimum Tax (line 44 plus
   line 45 of IA1040; or line 18 of IA1120; or line 24 plus line 25 of IA1041): .... 5._____

6. Add lines 4 and 5: .... 6._____

7. Enter the amount of Credits (line 50 of IA1040; or line 20 of
   IA1120 – excluding any Motor Fuel Credit and Franchise Tax Credit; or
   line 27 of IA1041): .... 7._____

8. Subtract line 7 from line 6: .... 8._____

PART 3

9. Enter the tax amount from shareholder's return (line 43 of the IA1040; or
   line 17 of the IA1120; or line 23 of the IA1041): .... 9._____

10. Enter the amount of any Lump-Sum Tax and/or Minimum Tax from
    line 5 of this form: .... 10._____

11. Add lines 9 and 10: .... 11._____

12. Enter the amount of Credits from line 7 of this form: .... 12._____

13. Subtract line 12 from line 11: .... 13._____

PART 4

14. Enter the amount from line 8: .... 14._____

15. Subtract line 14 from line 13: .... 15._____

16. Enter the shareholder's pro rata share of the Franchise Tax paid by the
    financial institution (subtract lines 16 and 17 of the IA 1120F from line 15 of the
    IA1120F, then multiply the remainder by the shareholder's percentage of
    ownership in the S-corporation): .... 16._____

17. Compare the amount on line 15 to the amount on line 16.
    Enter the **SMALLER** of those two amounts here: .... 17._____

**Line 17 is the amount of Franchise Tax Credit to be entered on the
IA 148 Tax Credits Schedule.**

41-147 (9/1/06)